GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:93
ANSWERED ON:29.07.2005
LOAN TO FARMERS
Patil Shri Balasaheb Vikhe;Sonowal Shri Sarbananda

Will the Minister of FINANCE be pleased to state:

(a) whether burden of loan on the poor and marginal farmers of our country is increasing while their sources of income are shrinking;

(b) if so, the reaction of Government thereto;

(c) whether the Government has decided to waive of the loan of farmers upto Rs. 10,000/- and propose to increase the loan limit through product marketing scheme;

(d) if so, the details thereof;

(e) whether the Government has issued fresh guidelines in regard to disbursement of loan to farmers as reported in Dainik Jagran dated June 26, 2005;

(f) if so, the details thereof;

(g) whether there is a proposal to set up a Risk Fund for agricultural loan;

(h) if so, the details thereof;

(i) the steps taken by the Government to provide easy loan to farmers;

(j) whether any survey has been conducted regarding customer satisfaction on credit delivery in rural areas by banks; and

(k) if so, the outcome of such survey?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P.CHIDAMBARAM)

(a) The All India Debt and Investment Survey, 1991 reveals that though the average debt of cultivator households has been increasing, their indebtedness to non- institutional sources has been showing a continuous decline. However, the exact level of indebtedness based on size of land holdings is not available.

(b) With a view to provide relief to the Small and Marginal Farmers, certain relaxations have been extended to them. The banks have been advised to waive margin/ security requirement for agricultural loans upto Rs. 50,000/-. The banks have also been advised that total interest debited to the accounts of small and marginal farmers should not exceed the principal amount in respect of short-term advances. Further, Government`s policy announcement on 18th June, 2004 includes a One Time Settlement (OTS) scheme for small and marginal . farmers, Debt Restructuring/Reschedulement for Farmers in distress and Farmers in arrears. The package also includes loans by banks to provide relief from indebtedness from non-institutional lenders such as money lenders and others.

(c) and (d) There is no proposal at present to waive loans of farmers upto Rs. 10,000/-. Reserve Bank of India in its annual policy statement for 2005-06, has increased the limit on loans to farmers through the produce marketing scheme from Rs.5 lakh to Rs. 10 lakh under priority sector lending by Commercial Banks. NABARD has since raised the ceiling of the quantum of loans to an individual farmers from Rs. 5 lakh to Rs. 10 lakh under its refinance scheme for marketing of crops to Scheduled Commercial Banks (SCBs) and Regional Rural Banks (RRBs).

(e) No, Sir.

(f) Does not arise

(g) No, Sir.

(h) Does not arise.

(I) The following steps have been taken, inter-alia, to provide easier loans to farmers and people living in rural areas:â€”

(i) The banks have been asked to simplify the procedure for sanction of loan.
(ii) One page documenation has been circulated among banks for adoption.
(iii) Reserve Bank of India has instructed banks not to insist on collateral or margin for loans upto Rs. 50000/-.
(iv) Banks have been asked to issue Kisan Credit Cards to all eligible farmers.
(v) Financing of Self Help Groups is being emphasised.
(vi) A Project has been initiated for lending by banks to joint liability groups of tenant farmers and oral lessees.

(j) and (k) Reserve Bank of India in its annual policy statement for 2005-06 has proposed to conduct a customer satisfaction survey-soon on credit delivery in the rural areas with the help of an outside agency.